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PR08: 019

FOR IMMEDIATE RELEASE:
APRIL 10, 2008

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Controller Releases March Cash Flow Figures

SACRAMENTO – State Controller John Chiang today released his monthly report detailing California’s cash balance, receipts and disbursements in March and through the first nine months of the fiscal year.

“Two of the State’s largest sources of revenue were down by significant margins,” said Controller Chiang. “Corporate and retail sales tax receipts sent March’s balance sheet into the red, while only the personal income tax held up against the latest estimates.”

Actual General Fund revenue in March was down \$618 million, or -10.3 percent, from estimates in the Governor’s 2008-09 State Budget proposal, which contains updated revenue projections for the current fiscal year. Sales tax receipts were down \$164 million, or -7.5 percent, and corporate taxes were down by \$266 million, or -16.1 percent. Personal income tax totals surpassed estimates by \$9 million, or 0.5 percent.

The State spent \$1.8 billion more than it received in the month of March. For the fiscal year-to-date, the State has spent \$17.6 billion more than it received in revenue – but deficits at this point are not unusual because a large part of the State’s revenues come in during the last four months of a fiscal year, while many of its expenses occur in the first eight months.

The State started the fiscal year with a \$2.5 billion cash balance, leaving a net cash deficit of \$15.1 billion on March 31. The State issued a \$7 billion Revenue Anticipation Note last fall to cover a portion of this short-term deficit. The remaining \$8.1 billion shortfall is being covered by internal borrowing.

This month’s summary analysis includes an article by Chris Thornberg of Beacon Economics. Thornberg, a member of the Controller’s Council of Economic Advisers, predicts California’s budget deficit will grow significantly beyond the widely used estimate of \$16 billion, largely because that figure relies on positive growth in the State’s three major sources of revenue, personal income, corporate and sales taxes.

The [financial statement](#) and the [summary analysis](#) can be found on the Controller’s Web site at www.sco.ca.gov.

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